

## Message Text

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ACTION NEA-10

INFO OCT-01 EUR-12 ISO-00 AID-05 CIAE-00 COME-00 EB-07  
FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03  
SP-02 CIEP-01 LAB-04 SIL-01 OMB-01 L-03 H-01 SS-15  
NSC-05 PA-01 PRS-01 /091 W

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R 071412Z DEC 76

FM AMEMBASSY KUWAIT

TO SECSTATE WASHDC 6787

INFO AMEMBASSY ABU DHABI

AMEMBASSY AMMAN

AMEMBASSY ATHENS

AMEMBASSY CAIRO

AMEMBASSY DAMASCUS

AMEMBASSY DOHA

AMEMBASSY JIDDA

AMEMBASSY MANAMA

AMEMBASSY MUSCAT

AMEMBASSY TEL AVIV

AMCONSUL DHAHRAN

USINT BAGHDAD

C O N F I D E N T I A L KUWAIT 5665

E.O. 11652: GDS

TAGS: PFOR ETRD KU

SUBJECT: BANK OF AMERICA AND ARAB BOYCOTT

REF: KUWAIT 5343

1. PROSPECTS FOR BANK OF AMERICA IN KUWAIT, WHICH  
APPEARED GLOOMY FOLLOWING BANK'S NOVEMBER 3 ANNOUNCEMENT  
HALTING PROCESSING OF LETTERS OF CREDIT WITH BOYCOTT  
LANGUAGE, NOW SEEM BETTER. DURING LATE NOVEMBER RETURN  
TRIP TO KUWAIT AND GULF AREA, BANK AMERICA SENIOR VP  
LAMARCHE TOLD AMBASSADOR HE WOULD TELL KUWAIT CENTRAL  
BANK AND MIN OF FINANCE OFFICIALS THAT AS RESULT OPINION  
BY CALIFORNIA ATTORNEY GENERAL CLARIFYING CERTAIN  
PROVISIONS OF STATE'S ANTI-BOYCOTT LAW, BANK WOULD  
BE ABLE TO PROCESS LETTERS OF CREDIT WITH "PRIMARY"  
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BOYCOTT RESTRUCTIONS.

2. MAIN STUMBLING BLOCK, ACCORDING TO LAMARCHE, IS USE OF WORD "BLACKLIST" IN CLAUSES CONCERNING USE OF ISRAELI SHIPS. LAMARCHE IS SUGGESTING THAT ARAB BOYCOTT OFFICIALS MODIFY THEIR CURRENT LANGUAGE PROHIBITING IMPORT OF GOODS ON ISRAELI VESSELS OR THOSE VESSELS ON THE BLACKLIST TO READ IN SUBSTANCE: SHIPS TO BE USED MUST BE THOSE ALLOWED TO ENTER KUWAIT PORT. SUCH POSITIVE CERTIFICATION IN OPINION LAMARCHE WOULD AVOID LANGUAGE PROHIBITED BY CALIFORNIA LAW.

3. LAMARCHE SEEMED OPTIMISTIC THAT BANK'S OPERATIONS IN MIDDLE EAST WOULD NOT BE SEVERELY CURTAILED ONCE POSITIVE LANGUAGE WAS SUBSTITUTED FOR CURRENT BOYCOTT PROVISIONS. SUBSEQUENTLY, SENIOR BANK OF AMERICA OFFICIAL RESIDENT IN KUWAIT TOLD EMBOFF THAT KUWAIT BOYCOTT OFFICE IS STUDYING BANK'S PROPOSALS RE SHIPPING CLAUSES AND THAT SENIOR BANK AMERICA OFFICIALS WOULD MEET WITH CALIFORNIA ATTORNEY GENERAL DEC 8 TO DISCUSS FURTHER INTERPRETATION OF CALIFORNIA ANTI-BOYCOTT LAW. THIS SOURCE INDICATED THAT, IF THERE ANY POSITIVE DEVELOPMENTS, LAMARCHE AND ANOTHER SENIOR BANK AMERICA EXECUTIVE LIKELY TO RETURN TO KUWAIT AND OTHER GULF COUNTRIES PRIOR END OF YEAR FOR FURTHER DISCUSSIONS. MAESTRONE

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